CLASS B

6-10-54

File No. HIF 54

KARNATAKA GOVERNMENT SECRETARIAT

Notes/Correspondence/Collection

Department H & U **Section** C2B I

Subject :— Levy of interest on advances granted to Town Boards

Earlier References :—

Late References :— P 84 E

(Classification A/B/C)

Notes Pages 8

Correspondence Pages 24

For/Not for section Note Book

To be destroyed after —

Under Secretary to Government

Mysore Government Secretariat

File No. ① of 195 . 1638 RL [App. F. III 2

Serial No.

Letter No. A I C 116 /54-55 & 31-5-54 from the Chairman, B.T.B re interest charged on advances.

1) Submitted for perusal. As seen from the proceedings of the Bangalore Trust Board (A copy of which is received & submitted separately), the Bangalore Trust Board have also opposed the levy. In order whether this may be considered after the receipt of the report from the Chairman, B.T.B.

Ma 10/6.14/6

2) Yes

17/6

Letter No. A C 406 /54-55 & 19/22-7-54 from the Chairman, B.T.B. on the subject.

~~Both the~~

3) In GO No RL 181-3 / B T B 31-54-1 dt 15-5-1954 orders were issued to levy interest at 4% p.a on the balances of advances outstanding against the Trust Boards of Mysore and Bangalore, with effect from 1-4-1954

Flg H
Copy of the GO referred

4) Both the city Improvement Trust Boards of Bangalore and Mysore have

Notes.—Contn. Sheet

(2)

File No. of 195 . | Mysore Government Secretariat

protestes against the levy of interest.

5) The letter dt. 31-5-54 of the chairman, Mysore Trust Board is flagged R. (Page 1). The reasons put forth by the Mysore Trust Board is that since the acquisition proceedings involved in the schemes for which monies have been advanced are very complicated and extend over a long period, it is found very difficult to get possession of the lands and proceed with the schemes in an expeditious manner. Hence, the Board request that no interest may be levied on the advances outstanding

Serial No. -

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-

Vide page 2 (resolution of the Board)

6) The letter dt. 22-7-54 of the chairman, B.T.B is flagged T (page 6). In the following reasons, the Bangalore Trust Board also requests that recovery of interest may be waived :-

(1) the case of T.B. cannot be ~~be~~ considered on par with that of Municipalities, which have various other sources of ~~Revenue~~ revenue. ~~be~~ and the T.B. has no source of ~~(illegible)~~ revenue;

(2) the T.B. is only a liaison body

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~~without~~ created mainly to formulate schemes for formation of layouts etc, without any profit;

(3) govt did not hint or suggest the levy of interest at any time either (1) at the time of formation of the T.B in 1945 or (2) at the time of grant of advances or (3) at the time of approving the four-year programme of works of the Board;

(4) the T.B. formulates schemes of magnitude and the cost of sites was fixed without any regard to ~~interest~~ interest on capital and if govt has indicated their intention well in time, necessary provision could have been made for this charge in the estimates and cost of site;

(5) the very object with which the T.B. was constituted will be defeated, if at this stage the cost of the remaining unsold sites is further raised consequent to the levy of interest;

(6) if the method of disposal of sites is changed to that of a public auction on the basis of "cash and carry" the sites will fall into the hands of capitalists and speculators and the poor and middle class will suffer.

7) The chairman, B.D.B, further says that in view of the fact that heavy

Note.—Contn. Sheet

(4)

Levy of interest on advances granted to Trust Boards

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Mysore Government Secretariat

Trust Board funds to the extent of Rs 50 lakhs from pool and parcel of the Treasury balances, the question of raising a reciprocal claim for interest ~~becomes~~ inevitable ~~inevitable~~. This question was also discussed by the Fin. Secy on 16-6-54 with the Chairman on 16-6-54 and then it was felt that no interest might be charged on the cash balances left with govt and that interest might be charged only on the amount actually invested on the T.B. Schemes and not yet repaid to govt. A

Vide page 13

8) The Chairman, B.T.B. in the above letter requests that the Boards may ~~abinitio~~ be exempted from payment of interest at least for another 5 years.

9) The following points are for order:—

~~This may be referred to the Financial Secy for opinion on the following points:—~~

(1) Whether both the ~~ITB~~ Trust Boards may be exempted from payment of interest at least for a period of three years, (from 1-4-54) as all the Schemes of the T.B. were formulated on a self-supporting basis, on the basis of the actual cost involved in each case and for other

Serial No.

reasons stated under para 6 above (Page 2 of the write sheets)

or

When the interest may be viewed to be charged only on the amount actually invested on works as noted at 'A' in the previous page

Mr. 18/8 Coo 17/8

10) Whether the amount is spent or not by the Bd, So far as Govt is concerned, when once the Bd draws advance from Govt, then the Bd will be in the position of a debtor and Govt in the position of a creditor. Therefore, the debtor to the Bd is bound to pay the interest fixed by Govt, irrespective of the fact whether the Bd has kept the money in the Govt Treasury or not. To avoid payment of interest, the Bd may hereafter operate upon the advance amount to the extent to which works are done, as in the Case of loans sanctioned for water Supply Schemes. The possibility of introducing the accounting System of allowing the Bd to operate upon the A/c will be examined seperately.

11) But now, there is real difficulty on the part of the Bd to pay interest on the advances drawn by the Bd because, the Bd has

Note.—Contn. Sheet

(6) Levy of interest on advances granted to Trust Boards.

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Mysore Government Secretariat

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	already disposed of sites at cost price as payment of interest was not at all insisted upon then. Therefore, the only reasonable consequence is that Bd has to pay interest on the advances drawn by the Bd after the date of the G.O. levying interest and not on advances drawn by the Bd previous to the Govt order. If appd, this will be communicated to the Bd.
B	
12	12) The points noted at 'A' and 'B' are for appn. Financial Secretary may kindly be Consulted

Secy (Fin)

2818.

13) Both the City Improvement Trust Boards of Bangalore and Mysore have requested that interest need not be levied on the balance of advances outstanding repayment to Government. Government Order dated the 1/5th May 1954 (flag H) gives the reasons which prompted Government to levy interest at 4 per cent on the outstanding balances. The reasons given by the Bangalore and Mysore Trust Boards are not sufficient to require a reconsideration of the Order that has been passed. The Trust Boards have been constituted mainly with a view to provide certain civic amenities to the residents living in these cities. In the very nature of things, these Boards ought to act in a self-supporting manner. When they formulate their schemes (Schemes), they should be so worked as to see that the investment is repaid very soon. The money which Government has advanced is borrowed capital. If interest is not charged,

WD 04861—GPB—60,000—22-1-54

it would to that extent mean that the Trust Boards are being subsidised. Because we have not charged interest all these years, there has been a tendency to delay some of the improvement schemes. The charging of interest would quicken the pace of progress. I am therefore against reconsideration of the orders that have been passed.

(14) There is however another aspect of the question. Not all the money that is drawn by the Trust Boards is utilised immediately. Quite a large portion of the money drawn by them is left with Government itself as a fund. It would not be correct to charge interest on the balances still remaining with Government. Interest might be charged only on that portion of the advances which have been drawn by the Trust Board. I have discussed this matter with the Financial Secretary and he is agreeable in principle for this proposal. Strictly speaking, the interest should be charged upon the total amount drawn less the actual money remaining with Government each day. This might involve too much of calculation. I would therefore suggest that the interest might be charged taking into account the balances due from the Trust Board on the first of every month. To this extent, the G.O. of 1/5th May 1954 may be amended.

OFFICE OF THE MINISTER FOR PUBLIC HEALTH & LOCAL-SELF GOVERNMENT.
9 - SEP 1954
No. 2307

SECRETARIAT MYSORE
- 4 SEP 1954
G. O. No. 1 Ms 3 97 ... F.

BIHAR GOVERNMENT
7 SEP 1954
GOVT. DEPARTMENT

Y.D.R. 3/9/54

Minister for L.S.G.)
Through Fl. Secy.)

15) 6/9 7/9

16) 14/9/54

14/9

14/9

Levy of interest on advances granted to T. Boards.

Chief Minister's Office (8)

Continuation Sheet. 3097/ma File No. of 1954-55 Page

17) A draft gois subms. for appl
Ma 4/9 for personal hearing
Secy
Dept
Secy
Dept
Secy
Dept

(1)

No. AD.C.116/54-55.

Encl. 1. Copy of office note,
2. Copy of T.B.R.No.45/26-5-54.

OFFICE OF THE CHAIRMAN,
CITY IMPROVEMENT TRUST BOARD,
POST BOX No. 55, MYSORE.

4 JUN 1954
638

Dated 31st May 1954.

FROM

SRI S. LINGANNA,
Chairman, City Improvement Trust Board,
MYSORE.

To

..Sri..G.Venkatakrishna Rao, B.Sc.,(Hons), I.A.S.,
Secretary to the Government of Mysore,
Local Self-Government Department,
BANGALORE.

SIR,

Subject: Re: Interest on advances granted by Government to the City Improvement Trust Board, Mysore, and outstanding as on 1-4-1954.

Adverting to Government Order No.L.1181-3/I.T.B.31-54-1 dated 1/5-5-1954 directing that interest at 4% be charged with effect from 1-4-1954 on the balances of advances outstanding against the City Improvement Trust Boards of Bangalore and Mysore, I write to state that the subject was placed before the Board in its Ordinary Meeting held on 26th May 1954. After discussion on several aspects of the question, the Board has resolved in T.B.Resolution No.45 dated 26-5-54 that since the acquisition proceedings involved in the schemes for which moneis have been advanced are very much complicated and extend over a long period, it is found very difficult to get possession of the lands and proceed with the schemes in an expeditious manner and that Government be requested to waive interest ordered to be charged on the advances outstanding. A copy of the office note together with that of T.B.Resolution No.45 dated 26-5-54 is herein enclosed for kind information.

In the circumstances explained in the office note and in view of the resolution of the Board, I request you kindly to obtain and communicate sanction of Government waiving the recovery of interest on the advances outstanding against the Board.

Yours faithfully,
S.Linganna 31/5/54
(S.Linganna)
Chairman.

DVS)

(2)

City Improvement Trust Board, Mysore.

Dated 31st May 1954.

Extract from the Proceedings of the Ordinary Meeting of the Board of Trustees for the Improvement of the City of Mysore, held on 26-5-1954.

xxxx xxxx xxxx

45: G.O.No.L.1181-83/I.T.B.31-54-1 dated 1/5-5-1954 directing that interest at 4% be charged with effect from 1-4-1954 on the balances outstanding against the advances made to the City Improvement Trust Board, Mysore, and office note thereon.

Since the acquisition proceedings involved in the schemes for which moneis have been advanced are very complicated, and extend over a long period, it is found very difficult to get possession of the lands and proceed with the schemes in an expeditious manner. Hence Government are requested to waive interest ordered to be charged on the advances outstanding.

Sd/S.Linganna,
Chairman.
26-5-54.

xxxx xxxx xxxx

"Copy"

-DVS)

S. Linganna
CHAIRMAN 31/5/54

(3)

City Improvement Trust Board

MYSORE,

Dated 31st May..... *195* 4.

OFFICE NOTE.

Re: the payment of interest on the advances granted by Government for improvement and other schemes but still out-standing from 1-4-1954.

G.O.No.L.1181-3/I.T.B.31-54-1 dated 1/5-5-54 on the above subject is herewith put up. The balance of advances outstanding against the scheme is noted below:-

Scheme.	Balance outstanding as on 1-4-1954.	
1. St.Road Scheme.	Rs.1,02,664/-	
2. Formation of Industrial suburbs in Mysore South..	Rs.1,00,000/-	
3. Do. layout for shifting Bamboo Bazaar.	Rs.1,25,000/-	
4. Improvement works during 1953-54 (Unremunerative works).	Rs. 83,600/-	(granted as LOAN instead of outright grant).

I. St.Road Scheme: The actual balance to the credit of the scheme at the end of April 1954 is only Rs.11,411/- A sum of Rs.65,187/- has yet to be recovered from the allottees towards sale value of sites disposed of in public auction in the New Statue Square. There are still 20 more sites whose disposal was tried by calling for tenders. Only 8 tenders were received and they were also not encouraging. Hence the Board has decided to dispose them of by public auction and this is notified to take place on 18-5-1954. The result of auction sale has to be known. ~~Thixxxix~~ Thus it will be seen that there is not enough funds to the credit of the scheme to meet the cost of certain improvements yet to be taken up and also to repay the outstanding loan amount of Rs.1,02,664/- due to Government unless the auction of the remaining sites and the arrears from allottees are realised. Since Government have ordered

(4)

that interest has to be paid at 4% on the balance of advance outstanding from 1-4-1954, necessary provision has to be made afresh in the estimate for the work. It is a point for consideration whether the interest is not a charge on the sites, as the scheme is a self-supporting one. It is also brought to kind notice that some of the sites have already been disposed of and some others are not yet. In respect of the disposed of sites, it may be rather difficult to levy this interest at this state as the condition of sale did not stipulate this. This aspect therefore deserves serious consideration.

II. Formation of Industrial Suburbs: Balance of advance outstanding: Rs.1,00,000/-

The work is not yet started as the possession of lands is not given over by the Revenue Department. The advance was granted during 1946 and is still outstanding. The question of payment of interest at 4% which works out to Rs.4,000/- per annum and making due provision in the estimate so that the interest paid is distributed over the cost of sites, as the scheme is treated as a self supporting one, has to be considered.

III. Formation of a layout for shifting Bamboo Bazaar: Rs.1,25,000/-

This scheme also is not started as the possession of survey lands is not yet given by the Revenue Department.

The amount of interest payable as per above G.O. works up to Rs.5,000/- per annum for which needful provision has to be made in the estimate and the total amount of interest so paid to Government has to be distributed over the sites, as it is a self-supporting one. Till sufficient amount is realised by sale of sites after formation and disposal, the interest has to be continued to be paid. The period would then be indefinite and the correct amount of interest also chargeable to the scheme would not be ascertainable.

(Continued)

(5)

IV: Improvement works during 1953-54: Rs.83,600/-

It has already been reported to Government that the outright grant of Rs.1,00,000/- allotted to the Board for 1953-54 against the usual grant in aid of Rs.2,75,000/- during the previous so many years was not adequate and the sum of Rs.83,600/- sanctioned by Government as advance repayable by the Board has to be treated as out-right grant since the works of improvements coming under this class such as drains, free house connections, sewer lines, slum clearance, establishment charges and other charges etc., are not remunerative and the Board has no resources of its own to repay the amount of Rs.83,600/- sanctioned as advance as it is not utilised for layout of extensions. The question of payment of interest when the advance itself is requested to be treated as out-right grant does not seem to arise at this stage. The amount of interest payable every year at 4% would be Rs.3344/-

The above subject is to be discussed in detail by the Board. For orders whether the note and the Government Order may be placed before the Board for consideration and decision.

Orders of the Chairman: "MAY BE PLACED BEFORE THE BOARD".

Id/S.L.
18-5-54.

"Copy"

DVS)

CHAIRMAN. 31/5/54

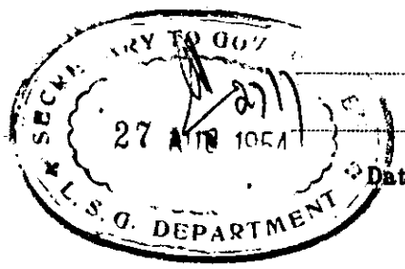
(6)

C. F. No. 63]

GOVERNMENT OF MYSORE

Telegram/phone

No. AC 406/54-55
Encls.



OFFICE OF the Chairman,
City Improvement Trust Board,
Bangalore.

Date 19th July 1954.

224

To

The Secretary to Government,
Local Self Government & Planning Departments,
Bangalore.

Sir,

Subject: Levy of Interest on outstanding balance of Advances.

Adverting to Government Order No.L.1181-83/ITB.31-54-1 dated 1/5th May 1954 directing the levy of interest at 4% with effect from 1-4-54 on outstanding balances of advances given to the Trust Board, I write to state as follows:-

1. The argument that there is no justification for making advances out of borrowed funds, free of interest, for the creation of amenities in Cities and that Advances and loans granted to Municipalities carry interest etc., cannot perhaps be made applicable to the Trust Board for the reason that Town Municipalities have various other sources of Revenue, Like House Tax, Water Tax, Mahatarfa, Octroi and other miscellaneous taxes with powers to augment by levy of fresh taxes, whereas the Trust Board has no source of income or revenue, and therefore a distinction has to be made between the Municipalities and the Trust Board. The Trust Board is only a liason body without any independent existance, created mainly to formulate layouts for the location of Industries and housing in suitable extensions without any motive of profit. The Establishment and other charges of the Board and other unremunerative works are all financed from out-right Government Grants and therefore this Board is for all practical purposes a Government Department.

2. Government did not hint or suggest the levy of interest at any time either (1) at the time of formation of the Trust Board in 1945, or (2) at the time of Grant

Grant of Advances, or (3) at the time of approving the Four Year Programme of the Board. With definite assurances on hand, the Board ventured to take up schemes of magnitude and formulated them. The cost of sites was also fixed without any regard to interest on Capital and disposed of accordingly. If on the other hand Government had indicated their intention well in time necessary provision could have been made for this charge in the estimates and cost of sites.

3. Nothwithstanding the above reasons, if Government were to be disinclined to favourably reconsider the orders, the levy of interest will result in the following repurcussions:-

(a) The very object with which the Trust Board was constituted will be defeated if at this stage the cost of remaining unsold sites is further raised;

(b) If the method of disposal of sites is changed to that of a public auction on the basis of "Cash and Carry" the sites will fall into the hands of Capitalists and speculators and the poor and the middle class will suffer;

(c) In view of the fact that heavy Trust Board Funds to the tune of more than Rs.50 lakhs form part and parcel of the Treasury Balance the question of raising a reciprocal claim for interest becomes inevitable. And this question has already been discussed and is under examination at the Secretariat level.

4. The order directing the levy of interest was placed before the Board of Trustees at its meeting held on 20th May 1954 for their consideration. After a lengthy discussion on the pros and cons of the question it was resolved

> "That Government be requested to reconsider their order No.L.1181-3/ITB.31-54-1 dated 1/5th May 1954 in respect of the levy of interest at 4% on advances outstanding with effect from 1-4-54 and waive the same for several reasons stated above by the members."

A copy of the resolution of the Board is enclosed.

5. With regard to the observation that the Trust Board has not taken timely action to reimburse the Advances, it has to be stated that according to Government Order No.3928-54/ITB.1-52-144 dated 2nd July 1955 sanctioning the Four Year Programme of the Board, the repayment of the Advance shall commence only after 1955-56 and as such the question of re-imbursement before this period and completion of the programme does not arise. When compared with other Trust Boards in India, this Trust Board which was formed less than a decade ago has done much to push through big development works all round the City of Bangalore, which were formulated only during 1949-50, i.e., 5 years ago. Sites and built houses of the value of Rs.76,26,786/- have been disposed of till now and a sum of Rs.53,98,402/- has been recovered. The percentage of recovery is 70.

6. The after effects of War, world-wide economic depression and ever increasing cost of living and tightness of money-market -- all these have an adverse effect and come in the way of speedy recovery of site values and also disposal of sites. Time factor also plays an important part. Conditions do not continue in the same strain and are showing signs of improvement. It will be possible to reimburse a substantial portion of the advance if not the entire balance within a period of 5 years after the completion of the Four year Programme.

7. For the foregoing reasons and in the larger interests of the poor and middle class, I request that Government be pleased to reconsider the whole question and order to exempt this Board for at least another 5 years from paying the interest on Advances.

Yours faithfully,

(R.Madhavan)
Chairman.

AMD)

GOVERNMENT OF MYSORE.

(9)

Mysore Government
General and Revenue Secretariat,
(Municipal Branch)

No. L 3664/D.T.B 45-54-1 Dated, Bangalore, 7-7-54 195

FROM

The Asst. Secretary to the Government of Mysore,
L.S.G. & Planning Departments.

To

The Chairman,
City Improvement Trust Board,
Bangalore.

Sir,

Subject: Proceedings of the meeting held on 16-6-54 in the chambers of the Secretary to Government, L.S.G. & Planning Departments to review the progress of the schemes undertaken by the Bangalore City Improvement TrustBoard.

- - -

I am directed to send herewith a copy of the proceedings of the meeting held on 16th June 1954, for further necessary action as noted against each of the subjects referred to therein.

Yours faithfully,

(V.Hanumanthappa)
Asst. Secretary to Government,
L.S.G. & Planning Departments.

knr -6/1.7

(10)

Summary of the proceedings of the meeting held on 16th June 1954 in the Chambers of the Secretary to Government, L.S.G. & Planning Departments at Old Public Offices, Bangalore, to review the progress of the schemes undertaken by the Bangalore City Improvement Trust Board.

- - -:oOo:- - -

The Secretary to Government, Local Self-Government and Planning Departments, the Chairman, City Improvement Trust Board, Bangalore. and the Assistant Secretary to Government, Municipal Branch, were present.

Subject	Review made and decision taken.
1.Sites reserved for Ex-Servicemen and Refugees.	The Chairman, City Improvement Trust Board, Banggalore, pointed out that certain sites have been reserved in the Jayanagar Extension for Refugees and Ex-servicemen and that there is poor response from them, whereas hundred of applications are being received from others for grant of sites. It was decided that the reservation of sites made for Refugees and Ex-servicemen be cancelled and the sites released for being made available to others. The Chairman has incidentally informed that the Survey Department, Government of India, had applied for sites in Jayanagar Extension and that they had set apart a sum of about Rs.2.5 lakhs for this purpose. The Chairman was requested to grant the sites applied for by the Survey Department and realise the amount soon.
2.Jayanagar Extension Scheme:	The progress made in respect of this was reviewed, having regard to the statistics made available by the Chairman, Bg lore City Improvement Trust Board. was found that realisations from sal/

sale of sites was very small compared to what has been spent on works. Disposal of sites is very slow. Particularly in the Jayanagar East where a sum of about Rs.20 lakhs has been spent for forming roads etc., the progress in the development of the area is nil, and there is no liklihood of sites being disposed of in the near future. The roads that have been formed will go bad for lack of maintenance and there is the distinct possibility of the Trust Board incurring a huge financial loss in this scheme.

Considering the results obtained so far in respect of the entire scheme, vigorous action is called for to assess the situation and no time should be lost in framing a comprehensive scheme of developing the area and of making sure of getting backthe large advances given by Government. It is necessary and expedient to find out what the handicaps and bottlenecks are against the development of this Extension and what steps are necessary to hasten theprogress. It is feared that if timely action is not taken now toassess the requirements for the successful operation of the scheme, the administration is bound to face adverse criticism which may also result in an enquiry being made to fix up responsibility on the administration. To avoid such a situation, the Board should apply its mind to the problem immediately and find out measures which are necessary for the scheme being successfully completed as originally planned. The approach should be made scientifically to evoke necessary enthusiasm and interest in the public to take advantage of the scheme particularly in such areas where the demand for sites is nil and development slow, such as Jayanagar East. The Trust may consider the question of constructing ho

houses in such areas as a fillip to the development of the area and to act as focal centres around which private citizen may buy sites and build houses.'

The Chairman was requested to examine the entire scheme on the lines decided upon and send detailed proposals for the consideration of Government, without delay.

Strenous efforts should be made to collect arrears due from the allottees of sites in all extensions and if necessary a Revenue Inspector may be appointed for this work.

Meetings should be held frequently to review the progress made from time to time.

Rajaji Nagar Scheme:

The progress made in respect of this scheme was reviewed. The development of the area, except where Labour Houses are built, is very slow. The Chairman would review this scheme on the lines indicated in the case of Jayanagar Extension and suggest measures for the progress of the scheme being hastened and the amount spent being realised soon.

VYALIKAVAL EXTENSION ALLOTMENT OF SITES IN THE HUT AREA

The Chairman has agreed to implement the orders of Government issued to allot 48 sites reserved for the members of the menial staff, exclusive of the sites earmarked to other menials, who are residing in the area who are members of the Kodandaramapuram Co-operative Society.

KUMARA PARK WEST EXTENSION:

It is decided that a few bigger sites available should be sold in public auction by fixing a reserve price and such test auctions should be held at least twice monthly for the disposal of both housing and shop sites in other extensions.

Cost of site allotted to Bitumen Emulsion Plant in Rajajinagar.

The Accountant General may be requested to credit the amount to the funds of the Trust Board early.

Budget for 1954-55

While sanctioning the budget, necessary provision be made for the repayment of a sum of Rs.20 lakhs to Government towards advances sanctioned.

A sum of Rs.3 lakhs be provided for the construction of houses in the Jayamahal layout, so that the area may be developed and a demand created for the other sites.

Interest levied on advances sanctioned to the Trust Board:

It was felt that no interest might be charged on the cash balances left with Government by the Board. Interest might be charged only on the amount actually invested on the Trust Board schemes and not yet repaid to Government. The position will be further examined in the Secretariat.

Land Acquisition Cases

It is pointed out by the Chairman that in the case of lands acquired for the formation of Sampigehalli layout, the Court has passed orders fixing compensation three to four times the amount fixed by the Land Acquisition Officer and in one case, the award passed for land on one acre and odd is reported to be Rs.17,000/-.

The Chairman said that sites cannot be made available at a cheaper rate unless Government subsidise the schemes to the extent necessary.

It is decided that immediate action is necessary to have the Land Acquisition Act amended to meet the situation.

(continued in page 5

(19)

Release of Cubbon House to locate All India Radio Broadcasting Station.

The Trust Board Office should be shifted to the Old Residency Court buildings immediately and possession of the building handed over to the Authorities of the All India Radio by 1st July 1954.

3/7/54

(V.Hanumanthappa)
For Secretary to Government,
L.S.G. & Planning Departments.

knr-8/1.7.54

(5)

M. G. S. App. F VI—G. 2]

SUBJECT.....

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Diary No. of letter replied to.....

Section I & B.

Serial No. 31

File No. 34

Mysore Government Secretariat

( )

the 195 .

Proceedings of the Government of Mysore

Date of issue..... 28 Jan 1956

Read—

Signed by.....

go NL 1181-3/I.T.B. 31-54-1 dt 1/5-5-1954 directing that interest at 4% be charged with effect from 1-4-1954 in the balances outstanding against the advances made to the C.I.T.Bs of Bangalore and Mysore

2) Letter No. A1.C.116/54-55 dt 31-5-1954 from the Chairman, C.I.T.B, Mysore on the subject.

3) Letter No. Ac.406/54-55

May this be—

(i) printed ?

(ii) treated as a Standing Order ?

(iii) published in the Gazette, English Part ?

(iv) translated ?

(v) placed at the disposal of the Press ?

(vi) published in the Gazette, Kannada Part ?

Dr
4/10

(15)

8-22-7-54 from the Chairman, C.I.T.B, Bangalore in the matter of WL 81477-530. 10/1/54.

The C.I.T.B, Mysore has passed a resolution to the effect that since the acquisition proceedings involved in the schemes for which monies have been advanced are very complicated and extend over a long period, it is found very difficult to get possession of the lands and proceed with the schemes in an expeditious manner. Hence, it requests to waive the recovery of interest now to be charged on the advances outstanding against the Board.

The C.I.T.B, Bangalore has also passed a resolution to waive the recovery of interest.

List of Enclosures.

Copied by

Examined by

M. G. S. App. F VI—G. 2]

(17)

SUBJECT..... .....

.....

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Diary No. of letter replied to.....

Mysore Government Secretariat

( )

the *195*

Date of issue.....195

Signed by.....

May this be—

(i) printed ?
(ii) treated as a Standing Order ?
(iii) published in the Gazette, English Part ?
(iv) translated ?
(v) placed at the disposal of the Press ?
(vi) published in the Gazette, Kannada Part ?

Section

Serial No.

File No.

Proceedings of the Government of Mysore

continued :-

Read- from them for the following reasons :-

a) the very object with which the T.B. was constituted will be defeated if at this stage the cost of remaining unsold sites is raised consequent on the levy of interest ;

b) if the method of disposal of sites is changed to that of public auction on the basis of "cash and carry", the sites will fall into the hands

of capitalists and speculators and the poor and the middle class will suffer;

c) in view of the fact that Learny T.B. funds to the tune of more than Rs 50/- lakhs form part and parcel of the Treasury balances, the question of raising a reciprocal claim for interest becomes inevitable.

d) the T.B. have no source of revenue or income like Municipal councils who have sources of income revenue like House Tax, Water tax, Octroi etc with power to augment by levy of fresh taxes and the analogy of Municipal councils can not be more applicable to T. Boards.

e) the T.B.S. is not a liabon body without any independent

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M. G. S. App. F VI—G. 2]

(3) (19)

SUBJECT... .....

.....

.....

Diary No. of letter replied to.....

Mysore Government Secretariat

( )

the *195* .

Date of issue.....195

Signed by.....

May this be—
(i) printed ?
(ii) treated as a Standing Order ?
(iii) published in the Gazette, English Part ?
(iv) translated ?
(v) placed at the disposal of the Press ?
(vi) published in the Gazette, Kannada Part ?

Section

Serial No.

File No.

Proceedings of the Government of Mysore

Read—

existance, creates only to form
Layouts, without any motive
of profit;

(b) ~~the~~ it not limit or
suggest the levy
of interest at any time
either (1) at the time of
formation of the T.S in 1945
or (2) at the time of
grant of advances or (3) at
the time of affixing the
year-year programme
of works of the Board in
May, 1953.

Order thereon.—No.

) the cost of sites was also fixed without any regard to interest on capital and disposed of accordingly, and if on the ~~(b) if on the~~ other hand, Govt had indicated their intention well in time, necessary provision could have been made for this charge in the estimates and cost of sites.

The GO of 1/5-5-1954 gives the reasons which prompted Govt to levy interest. The reasons were given by the C.I.T. Boards of Bangalore & Mysore are not sufficient to require a reconsideration of the order that has been passed. The Trust Boards have been constituted mainly with a view to provide certain civic amenities to the residents living in these cities. In the very nature of things, the Boards ~~act~~ might act

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(21)

SUBJECT... (4) .....

Diary No. of letter replied to.....

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( )

the *195* .

Date of issue.....195

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(vi) published in the Gazette, Kannada Part ?

Section

Serial No.

File No.

Proceedings of the Government of Mysore

~~Read~~

in a self-supporting ~~way~~ manner when they formulate their schemes, the schemes should be worked as to see that Order thereon.—No. the investment is repaid very soon. The money which govt have advanced is borrowed capital. If interest is not charged, it would be to that extent mean that the T. Boards are being subsidised. Because govt have not charged interest all these

years, there has been a tendency to delay some of the improvement schemes. Govt are therefore not in favour of reconsidering the orders already passed.

But Govt find that not all the money that is drawn by the Trust Boards is utilised immediately. While a large portion of the money drawn by them is left with Govt themselves as a fund. they ~~it~~ the fact that it would not be correct to charge interest on the balances still remaining with them (Govt). And that interest might be charged only on that portion of the advances which have been drawn by the T. Boards. Strictly speaking, the interest should be charged upon the total amount drawn less the actual money remaining with Govt each day. But this might involve too much of calculation.

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In these circumstances, Govt direct

M. G. S. App. F VI—G. 2]

(23)

SUBJECT..... .....

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Diary No. of letter replied to.....

Mysore Government Secretariat

( )

the *195* .

Date of issue.....195 .

Signed by.....

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Section

Serial No.

File No.

Proceedings of the Government of Mysore

Read—

that in partial modification of the GO dt $\frac{1}{5}$-5-1954, the interest be charged taking into account the balances

Order thereon.—No.— due from the Trust Bonds on the first of every month and no interest should be charged on the balance of T B bonds on the 1st every month

To,

The Chairman, C.D.T.B, Bgalore.
The — do — do, Bangalore.
The A. G.
The Controller, S.A.D } Hyd T.D.

28/9/54

ಕಗಿಇ 31 ಐಟಿ 54 (24)

PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

R e a d :-

Government Order No.L.1181-3/I.T.B.31-54-1 dated the 1/5th May 1954 directing that interest at 4% be charged with effect from 1st April 1954 on the balances outstanding against the advances made to the City Improvement Trust Boards of Bangalore and Mysore.

2. Letter No.A1.C.116/54-55 dated the 31st May 1954 from the Chairman, City Improvement Trust Board, Mysore, on the subject.

3. Letter No.AC.406/54-55 dated the 22nd July 1954 from the Chairman, City Improvement Trust Board, Bangalore, in the matter.

ORDER No.L: 81.ಐಟಿ.ಐಟಿ 1954.31.ಐಟಿ-4

DATED, BANGALORE, THE SEPTEMBER 1954.

The ~~Chairman~~ City Improvement Trust Board, Mysore, has passed a resolution to the effect that since the acquisition proceedings involved in the schemes for which monies have been advanced, are very commplicated and extend over a long period, it is found very difficult to get possession of the lands and proceed with the schemes in an expeditious manner. Hence it requests to waive the recovery of interest ordered to be charged on the advances outstanding against the Board.

2. The City Improvement Trust Board, Bangalore, has also passed a resolution to waive the recovery of interest from them for the following reasons:-

(a) the very object with which the Trust Board was constituted will be defeated if at this stage the cost of the remaining unsold sites is raised consequent on the levy of interest;

(b) if the method of disposal of sites is changed to that of public auction on the basis of "cash and carry" the sites will fall into the hands of capitalists and speculators and the poor and the middle class will suffer;

(c) in view of the fact that heavy Trust Board's funds to the tune of more than Rs.50 lakhs form part and parcel of the Treasury balance, the question of raising a reciprocal claim for interest becomes

inevitable;

d) the Trust Board has no source of revenue or income like municipal councils, who have sources of revenue like house-tax, water-tax, mohatarfa, octroi etc., with powers to augment by levy of fresh taxes and the anology of municipal councils cannot therefore be made applicable to Trust Boards

(e) the Trust Board is only a liason body without any independent existence, created only to form layouts without any motive of profit;

(f) Government did not mint or suggest the levy of interest at any time either (1) at the time of formation of the Trust Board in 1945 or (2) at the time of grant of advances or (3) at the time of approving the Four-Year Programme of Works of the Board in July 1953;

(g) the cost of sites was also fixed without any regard to interest on capital and disposed of accordingly: and if on the other hand, Government had indicated their intention well in time, necessary provision could have been made for this charge in the estimates and cost of sites.

3. The Government Order dated 1/5th May 1954 gives the reasons which prompted Government to levy interest. The reasons now given by the City Improvement Trust Boards of Bangalore and Mysore are not sufficient to require a reconsideration of the order that has been passed. The Trust Boards have been constituted mainly with a view to provide certain civic amenities to the residents living in these Cities. In the very nature of things, the Boards ought to act in a self-supporting manner. When they formulate their schemes, the schemes should be so worked as to see that the investment is repaid very soon. The money which Government have advanced is borrowed capital. If interest is not charged, it would to that extent mean that the Trust Boards are being subsidised. Because Government have not charged interest, all these years, there has been a tendency to delay some of the improvement schemes. Government are therefore not in favour of reconsidering the orders already passed.

4. But Government find that not all the money that is drawn by the Trust Boards is utilised immediately. Quite a large portion of the money drawn by them, is left with Government themselves as a fund. They, therefore, feel that it would not be correct to charge interest on the

(26)

balances still remaining with them (Government) and that interest might be charged only on that portion of the advances which have been drawn by the Trust Boards. Strictly speaking, the interest should be charged upon the total amount drawn less the actual money remaining with Government each day. But this might involve too much of calculation.

5. In these circumstances, Government direct that in partial modification of the Government Order dated 1-5th May 1954, the interest be charged taking into account the balances due from the Trust Boards on the first of every month and no interest need be charged on the balance of Trust Board funds remaining with Govt on the 1st of every month.

(V. Hanumanthappa)
Secretary to Government,
L.S.G. & Planning Department

To

The Chairman, City Improvement Trust Board, Mysore,
The Chairman, City Improvement Trust Board, Bangalore,
The Accountant-General, Mysore, Bangalore, thro' Fl.Deptt.
The Controller, State Accounts Department,

LNS.10.28/9.